

January 7, 2019

Via SCPSC E-FILING DMS

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

**Re: Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC to
Establish Green Source Advantage Programs and Riders GSA;**

Docket No. 2018-320-E

Dear Ms. Boyd:

Please find attached for electronic filing with the South Carolina Public Service Commission ("Commission") a copy of the Initial Comments of Walmart Inc. ("Walmart"), in the above-referenced case. By copy of this letter, I am serving all parties of record via Electronic Mail and First-Class Mail.

Please contact us if you have any questions concerning this filing.

Sincerely,

SPILMAN THOMAS & BATTLE, PLLC

By 

Stephanie U. Eaton
(SC Bar No. 80073)

Carrie M. Harris
charris@spilmanlaw.com

Derrick Price Williamson
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com

Counsel to Walmart Inc.

SUE/sds
Attachments
c: Certificate of Service

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2018-320-E

IN RE: Joint Application of Duke Energy)	INITIAL COMMENTS OF
Carolinas, LLC and Duke Energy Progress,)	WALMART INC.
LLC to Establish Green Source Advantage)	
Programs and Riders GSA)	

INTRODUCTION

On October 10, 2018, Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively, "Companies") filed a Joint Application to Establish Green Source Advantage Programs and Riders GSA ("Application"). Walmart Inc. ("Walmart") submitted its Petition to Intervene in this proceeding on October 26, 2018 ("Intervention"). Walmart's Intervention was granted by Commission Order, dated November 14, 2018. On November 27, 2018, the Hearing Officer entered a Standard Hearing Officer Directive directing Intervenors to file Comments in response to the Companies' Application by no later than January 7, 2019. In compliance with the Standard Hearing Office Directive dated November 27, 2018, Walmart respectfully submits the following comments regarding the Application filed by the Companies.

STATEMENT OF INTEREST

Walmart has significant operations within State of South Carolina and the Companies' territories. Walmart operates 124 facilities and employs 34,079 in South Carolina. Of those, Walmart has 50 facilities that take electric service from the Companies. In fiscal year 2018,

Walmart purchased \$917.9 million dollars' worth of goods and services from South Carolina-based suppliers, supporting almost 27,000 supplier jobs.¹

Walmart has established aggressive and significant renewable energy goals applicable to all of its operations, including its operations in South Carolina. Among those goals, Walmart aspires to be supplied 50 percent by renewable energy on a company-wide basis by 2025 and, ultimately, to be supplied 100 percent by renewable energy. Also by 2025, using a science-based target, Walmart seeks to reduce emissions in operations by 18 percent through the deployment of energy efficiency measures and the consumption of renewable energy.² To date, Walmart takes electricity from one or more renewable resources in 25 states and Puerto Rico, including 14 sites in South Carolina.

Walmart's desire for renewable energy resources must be balanced against its business needs. As a general rule, Walmart does not enter into premium structures or programs that only result in additional costs to its facilities. Rather, Walmart seeks renewable energy resources that deliver industry leading cost. These resources include renewable and project-specific attributes, such as renewable energy credits ("REC"), within structures where the value proposition allows the customer to receive any potential benefits brought about by taking on the risk of being served by that resource instead of, or in addition to, the otherwise applicable resource portfolio. Additionally, Walmart does not enter into programs with terms in excess of 15 years.

Walmart utilizes three channels to secure renewable energy resources in order to meet its renewable energy goals:

- **Contracting for off-site resources:** These products ordinarily serve Walmart's load and are typically structured to replace other energy, both physically and on the

¹ <http://corporate.walmart.com/our-story/locations/united-states#/united-states/south-carolina>

² <http://news.walmart.com/2016/11/04/walmart-offers-new-vision-for-the-companys-role-in-society>

bill. To date, Walmart has primarily contracted for these resources through Texas Retail Energy, LLC ("TRE"), a competitive electric supplier wholly owned by Walmart that serves as its electric supplier in most deregulated retail markets.

- **Contracting for on-site resources:** Walmart contracts for on-site, behind the meter resources through power purchase agreements and leases that allow performance guarantees. These resources replace grid energy and are priced with the expectation that the operating costs for the site are reduced.
- **Utility partnerships:** Walmart works with its utility partners to develop useable programs and economic structures targeted to function within the confines of the regulatory compact and with minimal impact to non-participating customers. The largest of these partnerships to date is Walmart's partnership with Alabama Power to off-take a portion of a 72 MW solar farm in Alabama.³ Walmart is actively engaged with a number of utilities nationwide to develop and seek regulatory approval for similar programs.⁴

The Companies' proposed Green Source Advantage ("GSA") Program ("GSA Program") is an example of a utility partnership, Walmart's third-preferred channel for securing renewable resources. The Companies have also proposed a similar GSA Program in North Carolina, which remains pending before the North Carolina Utility Commission ("NCUC"), Docket Nos. E-2, Sub 1170 and E-2, Sub 1169 ("NC GSA"). When the Companies initially proposed the NC GSA, they

³<http://www.alabamane.wscenter.com/2018/01/02/chambers-county-solar-project-now-serving-alabama-power-customers/>

⁴ See, e.g., *In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff*, Missouri Public Service Commission File No. ET-2018-0063; *Application of Virginia Electric and Power Company for Approval to Establish a Companion Tariff, Designated Schedule RG Pursuant to § 56-234 of the Code of Virginia*, Virginia State Corporation Commission Docket No. PUR-2017-00163; and *Georgia Power Company's 2016 Integrated Resource Plan and Application for Decertification of Plan Mitchell Units 3, 4A and 4B, Plant Kraft Unit 1 CT, and Intercession City CT – Commercial and Industrial Renewable Energy Development Initiative Program*, Georgia Public Service Commission, Docket No. 40161.

did not engage or consult Walmart in development of the GSA Program; however, the Companies have made adjustments to the NC GSA as a result of Comments filed by Walmart in the North Carolina proceedings and have entered into a stipulation with Walmart in those proceedings. The Companies continued to engage with Walmart prior to filing the Application in this matter. Walmart appreciates the Companies' efforts to collaborate with their customers during the development of the GSA proposed in this Docket.

SPECIFIC COMMENTS ON THE COMPANIES' PROPOSED GSA

Walmart appreciates the Companies' commitment to renewable resources and their proposal in these proceedings. Subject to some modifications as discussed below, Walmart is generally supportive of the GSA and would support its approval by this Commission.

A. Administrative Costs of the GSA should be spread fairly across accounts on a \$/MWH basis.

In the Application, the Companies propose to recover the administrative costs associated with offering the GSA Programs, including billing, program management, and support costs, through the GSA Administrative Charge.⁵ The Companies propose the following language for the application of the GSA Administrative Charge:

GSA Administrative Charge – the applicable monthly administrative charge shall be \$375 per Customer Account, plus an additional \$50 charge per additional account billed.⁶

While the phrase "Customer Accounts" is a capitalized term, the Companies do not define the phrase. Thus, it is unclear if the "Customer Account" set forth in the Companies' proposed definition of "GSA Administrative Charge" refers to the primary account at a customer's premises that has multiple accounts for each premise participating in the program, or if "Customer Account"

⁵ Application, p. 9, ¶ 19.

⁶ See Application, Attachment A, p. 3.

is intended to be the first account of all participating accounts in the program, with all other participating accounts treated as "additional account billed." As proposed, the GSA Administrative Charge may unfairly disadvantage customers with multiple sites and multiple meters at a single site. Walmart believes that the GSA Program should have the stated option to spread the administrative costs fairly across accounts on a \$/MWH basis.

The same definition for GSA Administrative Charge was contained in the NC GSA case.⁷ Walmart raised concerns with the GSA Administrative Charge proposed in that proceeding.⁸ The Companies addressed Walmart's concerns in the NC GSA case via an Agreement and Stipulation of Partial Settlement,⁹ which amended the NC GSA Program as follows:

Allocation of Program Capacity and Rates for Customers with Multiple Participating Accounts.

- i. *In any instance in which a single GSA Service Agreement covers multiple accounts under the control of a single GSA customer, the GSA customer shall be permitted to allocate the total capacity elected by the GSA customer, and the associated GSA Product Charge and Bill Credit, between the various accounts under the control of the GSA customer. The GSA Customer shall be entitled to re-designate the allocation upon 60 days' written notice to the applicable Company.*
- ii. *The sum of the fixed GSA administrative charge for all applicable accounts shall be allocated based on the same allocated proportions as are used to allocate the capacity, GSA Product Charge, and Bill Credit.*¹⁰

Walmart would propose that the GSA Program proposed in this proceeding be amended consistent with the terms of the Partial Stipulation from the NC GSA case and that the GSA Administrative Charge definition be amended accordingly.

⁷ See Application filed in the NC GSA proceeding, dated January 23, 2018.

⁸ See Comments of Wal-Mart Stores East, LP and Sam's East, Inc., filed in the NC GSA proceeding, dated February 23, 2018.

⁹ See Agreement and Stipulation of Partial Settlement by and between Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Wal-Mart Stores East, LP and Sam's East, Inc., filed in the NC GSA proceeding, dated August 16, 2018 ("Partial Stipulation").

¹⁰ Partial Stipulation, ¶ 2(d).

B. Timing of the Approval of the GSA in South Carolina should be aligned with approval in North Carolina.

Enrollment in the GSA is limited by statute in North Carolina,¹¹ and the Companies' Application in this proceeding also proposes an enrollment cap.¹² Customers participating in the GSA Program can locate resources in either South or North Carolina.¹³ If approved, and assuming the changes proposed herein were incorporated into the GSA Program in South Carolina, Walmart would plan to participate in the Companies' GSA Program in both states.

In order to achieve the appropriate economies of scale and to comport with Walmart's general corporate philosophy to contract for programs that provide industry leading cost, Walmart would want the ability to consider a single resource that might be able to serve its load in both jurisdictions for either DEP or DEC. To ensure that Walmart, and other DEP or DEC customers operating in South and North Carolina, can evaluate such a resource and, ultimately, participate in the GSA in both states, Walmart believes that the GSA Programs in North and South Carolina should be aligned such that both GSA Programs, if approved, would go into effect simultaneously.

SUMMARY OF RECOMMENDATIONS

In conclusion, Walmart submits the following recommendations to the Commission:

- The Commission should adopt the language from the Partial Stipulation entered by and between Walmart and the Companies in the NC GSA proceeding and amend the GSA Administration Charge consistent with the terms of that Partial Stipulation; and

¹¹ See N.C. Gen. Stat. § 62-159.2(a) (allocating only 250 MW of available program capacity to large nonresidential customers); *see also* North Carolina House Bill 589.

¹² Application, p. 5, ¶ 9.

¹³ *Id.*

- If the GSA Program is approved, the Commission should Order that the GSA Program enrollment start date be aligned with the enrollment state date of the GSA Program proposed by the Companies in North Carolina, except that if the GSA Program is rejected by the NCUC, the enrollment start date for the GSA Program in South Carolina should begin immediately upon receipt of a final order from the NCUC rejecting the GSA Program.

Respectfully submitted,

SPILMAN THOMAS & BATTLE, PLLC

By 

Stephanie U. Eaton (SC Bar No. 80073)

Carrie M. Harris

Spilman Thomas & Battle, PLLC

110 Oakwood Drive, Suite 500

Winston-Salem, NC 27103

Phone: (336) 631-1062

Fax: (336) 725-4476

E-mail: seaton@spilmanlaw.com
charris@spilmanlaw.com

Derrick Price Williamson

Spilman Thomas & Battle, PLLC

1100 Bent Creek Blvd., Suite 101

Mechanicsburg, PA 17050

Phone: (717) 795-2740

Fax: (717) 795-2743

E-mail: dwilliamson@spilmanlaw.com

Counsel to Walmart Inc.

Dated: January 7, 2019

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2018-320-E

IN RE: Joint Application of Duke Energy)	CERTIFICATE OF SERVICE
Carolinas, LLC and Duke Energy Progress,)	
LLC to Establish Green Source Advantage)	
Programs and Riders GSA)	

I hereby certify that I have this day served one (1) copy of the foregoing document upon the following parties to this proceeding via Electronic Mail and First-Class Mail:

Heather Shirley Smith, Esquire
Duke Energy Carolinas, LLC
Duke Energy Progress, LLC
40 W. Broad Street, Suite 690
Greenville, SC 29601
heather.smith@duke-energy.com

Rebecca J. Dulin, Esquire
Duke Energy Carolinas, LLC
Duke Energy Progress, LLC
1201 Main Street, Suite 1180
Capital Center Building
Columbia, SC 29201
rebecca.dulin@duke-energy.com

Frank R. Ellerbe, III, Esquire
Robinson Gray Stepp & Laffitte, LLC
P.O. Box 11449
Columbia, SC 29211
fellerbe@robinsongray.com

Andrew M. Bateman, Esquire
Alexander Knowles, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
abateman@regstaff.sc.gov
aknowles@regstaff.sc.gov

Stinson W. Ferguson
Southern Environmental Law Center
463 King Street – Suite B
Charleston, SC 29403
sferguson@selcsc.org

Richard L. Whitt, Esquire
Austin & Rogers, PA.
508 Hampton Street, Suite 203
Columbia, SC 29201
RLWhitt@AustinRogersPA.com



Stephanie U. Eaton (SC Bar No. 80073)

Dated: January 7, 2019